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**By: Senators Forehand and Kelley**

Introduced and read first time: January 29, 1996

Assigned to: Finance

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A BILL ENTITLED

1 AN ACT concerning

2 **Health Insurers and Health Maintenance Organizations - Provision of Sample Policies**  
3 **and Copies of Premium Rates**

4 FOR the purpose of requiring a health insurer or health maintenance organization to  
5 provide on request to certain persons a sample copy of the health insurer's or health  
6 maintenance organization's policy, contract, or certificate for a health insurance  
7 product offered by the health insurer or health maintenance organization and a  
8 copy of the health insurer's or health maintenance organization's premium rates for  
9 health insurance products offered by the health insurer or health maintenance  
10 organization.

11 BY adding to

12 Article 48A - Insurance Code  
13 Section 490FF  
14 Annotated Code of Maryland  
15 (1994 Replacement Volume and 1995 Supplement)

16 BY repealing and reenacting, with amendments,

17 Article 48A - Insurance Code  
18 Section 703  
19 Annotated Code of Maryland  
20 (1994 Replacement Volume and 1995 Supplement)  
21 (As enacted by Section 2 of Chapter 9 of the Acts of the General Assembly of 1993)

22 BY repealing and reenacting, with amendments,

23 Article 48A - Insurance Code  
24 Section 703  
25 Annotated Code of Maryland  
26 (1994 Replacement Volume and 1995 Supplement)  
27 (As enacted by Section 3 of Chapter 9 of the Acts of the General Assembly of 1993)

28 BY repealing and reenacting, with amendments,

29 Article - Health - General  
30 Section 19-716

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1 Annotated Code of Maryland  
2 (1990 Replacement Volume and 1995 Supplement)

3 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF  
4 MARYLAND, That the Laws of Maryland read as follows:

5 **Article 48A - Insurance Code**

6 490FF.

7 AN INSURER OR NONPROFIT HEALTH SERVICE PLAN THAT PROVIDES  
8 HOSPITAL, MEDICAL, OR SURGICAL BENEFITS FOR ISSUANCE OR DELIVERY IN THE  
9 STATE TO ANY GROUP OR INDIVIDUAL ON AN EXPENSE-INCURRED BASIS SHALL  
10 PROVIDE ON REQUEST TO THE GENERAL PUBLIC:

11 (1) A SAMPLE COPY OF THE INSURER'S OR NONPROFIT HEALTH  
12 SERVICE PLAN'S POLICY OR CERTIFICATE FOR A HEALTH INSURANCE PRODUCT  
13 OFFERED BY THE INSURER OR NONPROFIT HEALTH SERVICE PLAN; AND

14 (2) A COPY OF THE INSURER'S OR NONPROFIT HEALTH SERVICE PLAN'S  
15 PREMIUM RATES FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE  
16 INSURER OR HEALTH SERVICE PLAN.

17 703.

18 (a) A carrier shall apply all risk adjustment factors under § 702 of this subtitle  
19 consistently with respect to all health benefit plans issued, delivered, or renewed in the  
20 State.

21 (b) (1) A carrier may not arbitrarily transfer a small employer involuntarily into  
22 or out of a health benefit plan.

23 (2) A carrier may not offer to transfer a small employer into or out of a  
24 health benefit plan unless the offer to transfer is made to all small employers with similar  
25 risk adjustment factors.

26 (c) A carrier shall make a reasonable disclosure in its solicitation and sales  
27 materials of:

28 (1) The provisions concerning the carrier's right to change premium rates,  
29 including any factors that may affect the changes in premium rates;

30 (2) The provisions relating to renewability of policies and contracts;

31 (3) The provisions relating to any preexisting condition provision; and

32 (4) The provisions of § 704 of this subtitle which:

33 (i) Require an employer to make dependent coverage available to  
34 eligible employees; but

35 (ii) Do not require an employer to make a contribution to the  
36 premium payments for that dependent coverage.

3

1 (D) A CARRIER SHALL PROVIDE ON REQUEST TO A SMALL EMPLOYER AND  
2 THE GENERAL PUBLIC:

3 (1) A SAMPLE COPY OF THE CARRIER'S POLICY OR CONTRACT FOR A  
4 HEALTH INSURANCE PRODUCT OFFERED BY THE CARRIER; AND

5 (2) A COPY OF THE CARRIER'S SMALL GROUP MARKET PREMIUM RATES  
6 FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE CARRIER.

7 [(d)] (E) (1) A carrier shall base its rating methods and practices on:

8 (i) Commonly accepted actuarial assumptions; and

9 (ii) Sound actuarial principles.

10 (2) Subject to the approval of the Commissioner and as provided under §  
11 704(a)(3) of this subtitle, a carrier may impose reasonable minimum participation  
12 requirements.

13 [(e)] (F) To indicate compliance with subsections (c) and [(d)] (E) of this section,  
14 a carrier shall maintain information and documentation that is satisfactory to the  
15 Commissioner.

16 [(f)] (G) (1) On or before March 15 of each year, a carrier shall file an actuarial  
17 certification with the Commissioner that it has followed the rating practices imposed  
18 under § 702 of this subtitle.

19 (2) The certification shall be based on an examination that includes a review  
20 of:

21 (i) Appropriate records; and

22 (ii) Actuarial assumptions and methods used by the carrier.

23 [(g)] (H) A carrier shall:

24 (1) Retain all documents and certifications required under this subtitle at its  
25 principal place of business for a period of 5 years; and

26 (2) Make the information and documentation available to the Commissioner  
27 on request.

28 **Article - Health - General**

29 19-716.

30 (A) Annually, each health maintenance organization shall provide to its members  
31 and make available to the general public, in clear, readable, and concise form:

32 (1) A summary of the most recent financial report that the health  
33 maintenance organization submits to the Commissioner under § 19-717 of this subtitle;

34 (2) A description of the benefit packages available and the nongroup rates  
35 required by the Commissioner;

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1 (3) A description of the accessibility and availability of services, including  
2 where and how to obtain them;

3 (4) A statement that shows, by category, the percentage of members assisted  
4 by public funds;

5 (5) The information required to be disclosed by Article 48A, § 703(c) of the  
6 Code; and

7 (6) Any other information that the Commissioner or the Department  
8 requires by rule or regulation.

9 (B) A HEALTH MAINTENANCE ORGANIZATION SHALL PROVIDE ON REQUEST  
10 TO THE GENERAL PUBLIC:

11 (1) A SAMPLE COPY OF THE HEALTH MAINTENANCE ORGANIZATION'S  
12 CONTRACT FOR A HEALTH INSURANCE PRODUCT OFFERED BY THE HEALTH  
13 MAINTENANCE ORGANIZATION; AND

14 (2) A COPY OF THE HEALTH MAINTENANCE ORGANIZATION'S PREMIUM  
15 RATES FOR ALL HEALTH INSURANCE PRODUCTS OFFERED BY THE HEALTH  
16 MAINTENANCE ORGANIZATION.

17 SECTION 2. AND BE IT FURTHER ENACTED, That the Laws of Maryland  
18 read as follows:

19 **Article 48A - Insurance Code**

20 703.

21 (a) A carrier shall apply all risk adjustment factors under § 702 of this subtitle  
22 consistently with respect to all health benefit plans issued, delivered, or renewed in the  
23 State.

24 (b) (1) A carrier may not arbitrarily transfer a group or individual involuntarily  
25 into or out of a health benefit plan.

26 (2) A carrier may not offer to transfer a group or individual into or out of a  
27 health benefit plan unless the offer to transfer is made to all individuals or groups with  
28 similar risk adjustment factors.

29 (c) A carrier shall make a reasonable disclosure in its solicitation and sales  
30 materials of:

31 (1) The provisions concerning the carrier's right to change premium rates,  
32 including any factors that may affect the changes in premium rates;

33 (2) The provisions relating to renewability of policies and contracts;

34 (3) The provisions relating to any preexisting condition provision; and

35 (4) The provisions of § 704 of this subtitle which require an employer to  
36 make dependent coverage available to employees without requiring an employer to make  
37 a contribution to the premium payments for that dependent coverage.

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1 (D) A CARRIER SHALL PROVIDE ON REQUEST TO AN EMPLOYER AND THE  
2 GENERAL PUBLIC:

3 (1) A SAMPLE COPY OF THE CARRIER'S POLICY OR CONTRACT FOR A  
4 HEALTH INSURANCE PRODUCT OFFERED BY THE CARRIER; AND

5 (2) A COPY OF THE CARRIER'S PREMIUM RATES FOR ALL HEALTH  
6 INSURANCE PRODUCTS OFFERED BY THE CARRIER.

7 [(d)] (E) (1) A carrier shall base its rating methods and practices on:

8 (i) Commonly accepted actuarial assumptions; and

9 (ii) Sound actuarial principles.

10 (2) Subject to the approval of the Commissioner and as provided under §  
11 704(a)(3) of this subtitle, a carrier may impose reasonable minimum participation  
12 requirements.

13 [(e)] (F) To indicate compliance with subsections (c) and [(d)] (E) of this  
14 section, a carrier shall maintain information and documentation that is satisfactory to the  
15 Commissioner.

16 [(f)] (G) (1) On or before March 15 of each year, a carrier shall file an actuarial  
17 certification with the Commissioner that it has followed the rating practices imposed  
18 under § 702 of this subtitle.

19 (2) The certification shall be based on an examination that includes a review  
20 of:

21 (i) Appropriate records; and

22 (ii) Actuarial assumptions and methods used by the carrier.

23 [(g)] (H) A carrier shall:

24 (1) Retain all documents and certifications required under this subtitle at its  
25 principal place of business for a period of 5 years; and

26 (2) Make the information and documentation available to the Commissioner  
27 on request.

28 SECTION 3. AND BE IT FURTHER ENACTED, That Section 2 of this Act is  
29 contingent on the taking effect of the contingency provisions specified in Sections 5 and 7  
30 of Chapter 9 of the Acts of the General Assembly of 1993. If either of those contingency  
31 provisions in Chapter 9 takes effect, Article 48A, § 703 of the Code, as amended in  
32 Section 1 of this Act, shall be void. This Act may not be interpreted to have any effect on  
33 those contingency provisions.

34 SECTION 4. AND BE IT FURTHER ENACTED, That this Act shall take effect  
35 October 1, 1996.